

Message Text

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PAGE 01 EC BRU 00539 211703Z

43

ACTION EB-07

INFO OCT-01 EUR-12 IO-10 ISO-00 L-02 FRB-03 OMB-01 TAR-01

SP-02 AGR-05 AID-05 CIAE-00 COME-00 INR-07 LAB-04

NSAE-00 OIC-02 RSC-01 SIL-01 STR-01 TRSE-00 CIEP-01

CEA-01 PA-01 PRS-01 USIA-06 /075 W

----- 111182

P 211621Z JAN 75

FM USMISSION EC BRUSSELS

TO SECSTATE WASHDC PRIORITY 8145

INFO USMISSION GENEVA PRIORITY

USMISSION OECD PARIS PRIORITY

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E.O. 11652: N/A

TAGS: ETRD, UNCTAD, EEC, OECD

SUBJECT: EC COMMISSION POSITION--UNCTAD COMMITTEE ON COMMODITIES

REF: A) PARIS 31081 (1974)

B) STATE 11680 C) LUCY/S. ROGERS TELECON 1-21-75

1. SUMMARY: IN PREPARATION FOR THE UNCTAD COMMITTEE ON COMMODITIES, THE COMMISSION IS URGING A "CONSTRUCTIVE" APPROACH OF CALCULATED FIRMNESS, TEMPERED BY RECOGNITION OF THE NEED TO PROVIDE SOME SENSE OF FORWARD PROGRESS FOR THE DEVELOPING COUNTRIES. THE COMMISSION BELIEVES THAT GROUP B SOLIDARITY--ESPECIALLY BETWEEN THE EC AND THE US--WILL BE VITAL, NOT ONLY IN FEBRUARY BUT AT UNIDO, AT THE UNCTAD BOARD MEETINGS, AND BEYOND--TO UNCTAD IV IN 1976. OUR SOURCE UNDERLINES THE HIGH LEVEL COMMISSION COMMITMENT TO THIS END, AS EXPRESSED BY SOAMES IN WASHINGTON LAST DECEMBER, AND SEES THE TCWP MEETING THIS WEEK AS AN IMPORTANT OPPORTUNITY TO CONSOLIDATE THIS GROUP B APPROACH. END SUMMARY.

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PAGE 02 EC BRU 00539 211703Z

2. THE EC COMMISSION DELEGATE TO THE OECD TRADE COMMITTEE

WORKING PARTY MEETING JAN. 23-24 HAS CONFIRMED THE SUB-STANCE OF REFTEL A REGARDING THE COMMISSION'S INTENTIONS FOR THE FEBRUARY 10 UNCTAD COMMITTEE ON COMMODITIES. HE HAS PROVIDED US, IN STRICT CONFIDENCE, THE COMMISSION'S LATEST WORKING DOCUMENT SUGGESTING AN EC POSITION FOR THAT MEETING (SENT TO USOECD BY EXPRESS INTERNATIONAL MAIL-- ATTENTION S. ROGERS). THE DOCUMENT WAS DISCUSSED AT A COORDINATION MEETING BETWEEN THE COMMISSION AND THE MEMBER STATES ON JANUARY 16 (REFTEL A). HE SAID IT WAS "WELL RECEIVED" BUT THAT THE COMMUNITY'S SCENARIO CALLS FOR NO DECISIONS TO BE TAKEN BEFORE IT HAS HAD A CHANCE TO HEAR US VIEWS AT THE TCWP. THE COMMUNITY WILL DETERMINE ITS POSITION ABOUT JANUARY 30.

3. COMMISSION DRAFT: THE DOCUMENT POINTS OUT THAT IF THE DEMOCRATIC ELECTORATES OF WESTERN EUROPE ARE TO SUPPORT (AND PAY FOR) GOVERNMENT EFFORTS AT COOPERATIVE INTERNATIONAL ACTION ON COMMODITIES, THEY WANT TO BE SURE NOT ONLY THAT PRODUCERS RECEIVE STABLE AND EQUITABLE PRICES BUT THAT AS CONSUMERS THEY ARE GOING TO HAVE SOME GUARANTEE OF SUPPLY. THE EC MUST KEEP IN MIND THE IMPORTANCE OF THE SUPPLY PROBLEM TO RESOURCE-SHORT EUROPE THROUGHOUT UNCTAD'S CONSIDERATION OF THIS SUBJECT. WORLD COMMODITY PROBLEMS HAVE BEEN AROUND FOR A LONG TIME, CANNOT BE SOLVED QUICKLY AND THEREFORE FEBRUARY'S MEETING CAN PERMIT NO MORE THAN AN INTRODUCTORY DISCUSSION FOLLOWED POSSIBLY BY A 12 MONTH WORK PROGRAM WHICH MIGHT PRODUCE SOME AGREED SPECIFIC PROPOSALS FOR UNCTAD IV. THIS IS A REALISTIC ASSESSMENT, IN THE COMMISSION'S VIEW, DENOTING "A WILL TO SUCCEED, NOT A LACK OF URGENCY". WITHIN THIS FRAMEWORK THE COMMISSION RECOMMENDS THAT COMMODITIES WITH SIMILAR CHARACTERISTICS BE EXAMINED TOGETHER ON A SECTOR BY SECTOR BASIS-- TROPICAL FOODSTUFFS, RENEWABLE INDUSTRIAL RAW MATERIALS, NON-RENEWABLE INDUSTRIAL MATERIALS AND AGRICULTURAL PRODUCTS--WITH TROPICAL PRODUCTS LIKELY TO BE THE ONLY REAL CANDIDATE FOR ACTION.

4. INDEXATION: THE COMMISSION'S PROPOSAL NOTES THAT PERSISTENT TWO DIGIT INFLATION RATES WOULD RENDER ANY COMMODITY ARRANGEMENTS MEANINGLESS. THE COMMISSION DOES LIMITED OFFICIAL USE

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PAGE 03 EC BRU 00539 211703Z

NOT HOWEVER "CONSIDER INTERNATIONAL PRICE, OR DIRECT INDEXATION TO BE THE RIGHT METHOD, WITHOUT PREJUDICE TO ALTERNATIVE MORE REALISTIC APPROACHES" (I.E. PERHAPS THROUGH INDIRECT INDEXATION VIA AN EXTENDED SYSTEM OF LONG-TERM CONTRACTS).

5. TACTICS: OUR CONTACT SAID THAT THE COMMUNITY WILL AWAIT THE OUTCOME OF THE DAKAR MEETING OF THE GROUP OF 77

PRIOR TO FEB. 10 IN ORDER TO ADOPT ITS TACTICS PER PARA 3,
REFTEL A. HE ALSO SAID THAT IS SOAMES' VIEW THAT CLOSE
AND EFFECTIVE COOPERATION BETWEEN GROUP B COUNTRIES WILL
BE VITAL IN GUIDING DEVELOPMENTS LEADING TO UNCTAD IV
IN 1976. NOTING THAT SIR CHRISTOPHER UNDERLINED THIS POINT
DURING THE RECENT US-EC CONSULTATIONS IN WASHINGTON, HE
SAID THAT THE TCWP MEETING PROVIDED AN IMPORTANT
OPPORTUNITY TO GIVE EFFECT TO THIS STRATEGY.

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Message Attributes

Automatic Decaptoning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: COMMODITIES, COMMITTEE MEETINGS
Control Number: n/a
Copy: SINGLE
Draft Date: 21 JAN 1975
Decapton Date: 01 JAN 1960
Decapton Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: GolinoFR
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975ECBRU00539
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D750022-0862
From: EC BRUSSELS
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750134/aaaabefb.tel
Line Count: 124
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 75 PARIS 31081, 75 (197
Review Action: RELEASED, APPROVED
Review Authority: GolinoFR
Review Comment: n/a
Review Content Flags:
Review Date: 02 APR 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <02 APR 2003 by MartinML>; APPROVED <03 APR 2003 by GolinoFR>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
05 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: EC COMMISSION POSITION--UNCTAD COMMITTEE ON COMMODITIES
TAGS: ETRD, UNCTAD, EEC, OECD
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006